

**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AGREED-UPON PROCEDURES ENGAGEMENT  
OF THE  
FORMER LEE COUNTY  
PROPERTY VALUATION ADMINISTRATOR**

**For The Period December 1, 2005  
Through November 22, 2006**



**CRIT LUALLEN  
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**AUDITOR OF PUBLIC ACCOUNTS**

Independent Accountant's Report

John R. Farris, Secretary, Finance and Administration Cabinet  
The Honorable Gary Lutes  
Former Lee County Property Valuation Administrator  
The Honorable Elizabeth Roach  
Lee County Property Valuation Administrator  
Beattyville, Kentucky 41311

We have performed the procedures enumerated below, which were agreed to by the former Lee County Property Valuation Administrator (PVA), solely to assist you with the accountability for statutory contribution receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts for the period December 1, 2005 through November 22, 2006. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Lee County PVA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure -

Determine if the PVA has a receipts ledger, a disbursements ledger, and reconciles bank records to books each month. Re-perform the year-end bank reconciliation (November 22, 2006), for all bank accounts, to determine if amounts are accurate.

Finding -

The PVA maintained a receipts ledger, a disbursements ledger, and reconciled bank records to books each month. The year-end bank reconciliation on November 22, 2006, reconciled to the book balance and appeared to be accurate.

2. Procedure -

Confirm any and all payments by the city to the PVA. Compare recorded city receipts to confirmed payment amounts obtained from city governments. Also review the list of city receipts for completeness.

Finding -

All city payments appeared to be accounted for properly.



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(Continued)

3. Procedure -

Confirm any and all payments made by the fiscal court to the PVA. Compare the budgeted statutory contribution by fiscal court to the legally required amounts calculated by the Department of Revenue. Trace the fiscal court payments from the fiscal court statutory contribution budget account to the PVA's local bank account.

Finding -

One exception was noted. The fiscal court did not pay the entire statutory contribution for FY 2005, leaving \$245 due the PVA.

*Former PVA Gary Lutes' Response - OK.*

4. Procedure -

Judgmentally select 15 disbursements from PVA records and agree amounts to cancelled checks, paid invoices or other supporting documentation. Determine if the expenditure is for official business. Review all credit card statements (if any) to determine if expenditures are for official business.

Finding -

Except for credit card charges and documentation for one invoice, all other disbursements tested agreed to cancelled checks, paid invoices, or other support. Documentation was not available for one invoice. No documentation was available to support credit card charges.

*Former PVA Gary Lutes' Response - OK.*

5. Procedure -

Compare capital outlay disbursements with cancelled checks, supporting documentation, and proper purchasing procedures. Verify the location of newly acquired assets. Determine if assets were added to the PVA's Capital Asset Inventory List.

Finding -

No capital outlay disbursements noted.

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6. Procedure -

Scan vehicle lease agreements, personal service contracts, and professional service contracts for cost schedules and compare to actual payments. Determine if services received were appropriate, for official business, and properly authorized.

Finding -

Services received by PVA appeared to be appropriate, for official business, and properly authorized.

7. Procedure -

Compare PVA's final budget to actual expenditures to determine if PVA overspent in any account series.

Finding -

The PVA overspent the 300 series accounts for Account Commodities/Other Expenses by \$5,181. The total budget was overspent by \$1,476. The PVA should obtain budget amendments before overspending his budget.

*Former PVA Gary Lutes' Response - OK.*

8. Procedure -

Determine whether collateral is necessary for the PVA's funds. If necessary determine if the PVA was sufficiently collateralized for the year and if a collateral agreement exists.

Finding -

Collateral was not necessary for the PVA's funds.

9. Procedure -

Determine whether timesheets are completed, maintained, and support hours worked.

Finding -

The employees of the PVA's Office did not complete, maintain, or submit timesheets to support hours worked. The PVA should require all employees to maintain timesheets. These timesheets should be prepared and signed by the employee and reviewed, approved, and signed by their supervisor before being submitted for payroll processing.

*Former PVA Gary Lutes' Response - OK.*

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(Continued)

10. Procedure -

Determine whether cash balances were properly transferred from former PVA to new PVA.

Finding -

Cash balances were properly transferred from former PVA to new PVA.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Property Valuation Administrator and the Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

Engagement fieldwork completed -  
November 29, 2006

